

**SOUTH CAROLINA CENTERS
OF ECONOMIC EXCELLENCE**

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2009

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
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YEAR ENDED JUNE 30, 2009**

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**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
REVIEW BOARD
JUNE 30, 2009**

<u>NAME</u>	<u>POSITION</u>	<u>APPOINTMENT</u>
Paula Harper-Bethea	Chair	Speaker of the House
Pamela P. Lackey	Vice Chair	President Pro Tempore of the Senate
Robert W. Pearce, Jr.	Secretary	Speaker of the House
Melvin C. Williams	Member	President Pro Tempore of the Senate
Patricia E. Wilson	Member	Speaker of the House
Keith D. Munson	Member	Governor
J. Lyles Glenn	Member	Governor
Charles M. Condon	Member	Governor
Robert M. Hitt, III	Member	Chair, House Ways and Means Committee
Regan Voit	Member	Chair, Senate Finance Committee
Michael N. Couick	Member	President Pro Tempore of the Senate
James F. Barker	Ex-Officio	
Raymond S. Greenberg	Ex-Officio	
Harris Pastides	Ex-Officio	



South Carolina Centers of Economic Excellence
Management's Discussion and Analysis
Period: Fiscal Year 2008-2009

The following discussion and analysis has been prepared by staff from the Commission on Higher Education to provide an overview of the activities of the South Carolina Centers of Economic Excellence (CoEE) Program for fiscal year 2008-2009. This discussion and analysis should be read in conjunction with the financial statement and accompanying notes to the financial statement. The financial statement has been prepared by an independent auditor (Derrick, Stubbs & Stith, LLP) in accordance with S.C. 2-75-10.

Overview of the CoEE Program

In 2002, the South Carolina General Assembly passed the Research Centers of Economic Excellence (RCEE) Act. The legislation originally appropriated \$200 million through 2010¹ from the South Carolina Education Lottery to establish unique Centers of Economic Excellence at South Carolina's three senior research institutions: Clemson University, University of South Carolina, and Medical University of South Carolina. Each Center of Economic Excellence (CoEE) specializes in unique, knowledge-economy research (in fields such as engineering, nanotechnology, biomedical science, and energy science) that promotes and creates enhanced economic opportunities for the state. In 2008, the General Assembly amended the RCEE Act to replace the \$200 million funding cap and the 2010 sunset date with a statutory guarantee of \$30 million in annual funding

¹ The General Assembly appropriated \$30 million per year in the state budget for fiscal years 2003 through 2007. The General Assembly appropriated \$0 for fiscal years 2008 and 2009.

so long as (a) Lottery-supported scholarships have been fully funded, and (b) the CoEE Review Board has, by the end of the most previous fiscal year, awarded a minimum of 80% of overall appropriations since 2003.

The RCEE Act also created the CoEE Review Board, which provides program oversight. The Review Board is composed of 11 members: three appointed by the Governor; three by the President Pro Tempore of the Senate; three by the Speaker of the House of Representatives; one by the Chair of the Senate Finance Committee; and one by the Chair of the House Ways & Means Committee. Membership terms are three years, and individuals may serve three total terms. The presidents of South Carolina's three research universities serve as ex-officio, non-voting members of the Review Board. Staff and operational support for the CoEE Program is provided by Commission on Higher Education staff. The Commission on Higher Education approves the operational budget for the program.

The CoEE Review Board held its first meeting on October 17, 2002, at which it approved formal *Bylaws*. On December 5, 2002, the Review Board approved Program *Guidelines* and *Requests for Proposals Guidelines for 2002-2003*, which established a competitive, annual process whereby Centers of Economic Excellence are proposed by the research institutions and approved by the Review Board. The three-tier review process includes two rigorous scientific evaluations (a technical review and an onsite panel review), followed by the Review Board's analysis of the review findings and a formal vote on individual proposals. In 2008, the General Assembly amended the RCEE Act by encoding the technical and scientific review process for proposals.

Once a new CoEE is approved, an institution has 18 months in which to solicit non-state (private, federal, or municipal) investors to pledge dollar-for-dollar matching of a CoEE's total state award (between \$2 million to \$5 million). In February 2007, the CoEE Review Board approved a policy whereby an institution may apply for as many as two, six-month extensions beyond the 18-month pledge verification deadline. All matching pledges must be realized within 78 months of a CoEE's approval date. In February 2009, the CoEE Review Board approved a policy whereby an institution may apply for as many as two, six-month extensions beyond the 78-month drawdown deadline.

State funds may only be drawn against realized (received) non-state pledges. The majority of funds (all of the state funds, plus no less than 30% of the non-state match) are placed in endowment, which may be used to pay the salaries or salary supplements of the world-class scientists (endowed chairs) specially recruited to lead each CoEE, as well as pay for the purchase of specialized equipment, laboratory construction, other faculty, and research assistants. In 2008, the General Assembly amended the RCEE Act by encoding the use of a certain portion (determined by the CoEE Review Board) of non-state matching funds “to pay for initial operating costs” of CoEEs (S.C. 2-75-100).

On December 12, 2006, the CoEE Review Board convened a Cost Share Work Group. Financial representatives from all three research institutions, the Office of the State Treasurer, and Commission on Higher Education staff gathered to discuss accounting standards related to the RCEE Act. On February 26, 2007, the Review Board approved a Cost Share Accounting Policy, which contains specific guidelines for claiming and valuing in-kind matches. In 2008, the General Assembly amended the RCEE Act to encode the use of cash equivalent and in-kind donations as valid non-state matches for the CoEE Program.

Over time, each research institution has developed concentrated CoEE focus areas. Clemson University’s core strengths lie in the area of automotive and transportation technology, advanced materials and biotechnology/biomedical sciences. USC’s Centers generally fall within the three clusters of future fuels, the biomedical sciences, and nanotechnology. MUSC’s strengths lie in the areas of neuroscience, cancer research, vascular disease, and health care quality and finance.

One hallmark of the CoEE Program is an almost unprecedented scientific collaboration at the academic level. More than one-third of the CoEE’s are partnerships between and among state public institutions, including three four-year comprehensive teaching universities. Dr. John Schaefer, chair-holder at MUSC’s Clinical Effectiveness and Patient Safety CoEE, has noted that such academic collaboration rarely exists—not even at Harvard and Yale. The lure of bonded research partnerships serves as an enticing recruiting tool to the renowned scientists required to lead each Center.

At the end of FY 2009, the program consisted of 45 CoEEs and 79 approved endowed chairs (22 appointed).² As envisioned by the General Assembly, the CoEE Program has turned into an economic boon for the state. By the end of FY 2009, of the \$186.6 million³ in CoEE awards granted by the Board, \$145 million in matching pledges was committed by non-state sources, with more than \$104.6 million of these pledges realized and \$94.5 million in state funds drawn down by the research institutions.

Summary of Approved Centers of Economic Excellence (2003-2009)

Funding Year 2002-2003			
Institution (fiscal institution first)	Proposal Title	Endowed Chairs	Proposal Amount
Clemson	Automotive Systems Integration	1	\$5 million
Clemson	Automotive Manufacturing	1	\$5 million
USC	Nanostructures	1	\$4 million
USC/MUSC	Brain Imaging	3*	\$5 million
MUSC	Proteomics	1	\$4 million
MUSC	Neuroscience	3	\$3 million
MUSC/College of Charleston	Marine Genomics	2	\$4 million
Total Awarded in 2002-2003		12	\$30 million
Funding Year 2003-2004			
Institution (fiscal institution first)	Proposal Title	Endowed Chairs	Proposal Amount
Clemson	Automotive Design & Development	1	\$5 million
Clemson	Electronic Systems Integration	1	\$3 million
Clemson	Photonic Materials	1	\$5 million
USC	Polymer Nanocomposites	1	\$3.5 million
USC	Hydrogen & Fuel Cell Economy 1**	2	\$2.5 million
MUSC/Clemson/USC	Regenerative Medicine	3	\$5 million
MUSCfUSC	Translational Cancer Therapeutics	2	\$5 million
Total Awarded in 2003-2004		11	\$29 million

* Revised to three chairs by act of the CoEE Review Board on January 12, 2009.
** The Hydrogen & Fuel Cell Economy CoEE was approved during 2003-2004. Funding for one half of this CoEE was provided in 2003-04, the other half in 2004-2005.

² In FY 2010, the CoEE Review Board awarded one additional Center (two endowed chair positions) with funds from the FY 2009 proposal cycle: Healthful Lifestyles (USC/MUSC). At the time of publication of the *2009 CoEE Program Audit*, the total number of Centers and CoEE Chairs is 46 and 81, respectively.
³ To date, the CoEE Review Board has obligated \$18.6 million in accrued program interest for the awarding of additional proposals, as is permitted by statute. To date, the CoEE Review Board has used \$6.6 million in accrued interest to fund proposals in the 2008-2009 award cycle. (This includes the FY 2010 approval of the Healthful Lifestyles proposal, which was part of the FY 2009 proposal cycle.)

Funding Year 2004-2005			
Institution (fiscal institution first)	Proposal Title	Endowed Chairs	Proposal Amount
Clemson	Restoration [WITHDRAWN]	-	[\$3 million]
Clemson	Electron Imaging [WITHDRAWN]	-	[\$5 million]
USC	Renewable Fuel Cells	1	\$3 million
USC	Hydrogen & Fuel Cell Economy 11*	[See 03-04.]	\$2.5 million
USC/Coastal Carolina	Tourism and Economic Development	1	\$2 million
MUSC	Gastrointestinal Cancer Diagnostics	2**	\$5 million
MUSC/uSC	Cancer Drug Discovery	4	\$5 million
MUSC/uSC	Vision Science	3	\$4.5 million
Total Awarded in 2004-2005		11	\$22 million
Funding Year 2005-2006			
Institution (fiscal institution first)	Proposal Title	Endowed Chairs	Proposal Amount
Clemson	Supply Chain Optimization & Logistics	1	\$2 million
Clemson	Urban Ecology and Restoration	1	\$2 million
Clemson	Advanced Fiber-Based Materials	1	\$4 million
Clemson	Molecular Nutrition [WITHDRAWN]	-	[\$2 million]
USC	Solid Oxide Fuel Cells	1	\$3 million
USC/MUSC	Childhood Neurotherapeutics	3	\$5 million
MUSC	Molecular Proteomics in Cardiovascular Disease	2	\$5 million
MUSC/USC	Clinical Effectiveness & Patient Safety ***	3	\$5 million
Total Awarded in 2005-2006		12	\$26 million
Funding Year 2006-2007			
Institution (fiscal institution first)	Proposal Title	Endowed Chairs	Proposal Amount
Clemson/MUSC	Health Facilities Design & Testing	2	\$5 million
USC	Rehabilitation and Reconstruction Science	1	\$5 million
USC	Strategic Approaches to Electricity Production from Coal	1	\$5 million
USC/MUSC/Clemson	Healthcare Quality	2	\$5 million
USC/Clemson	Senior SMART™ Center	3	\$5 million
MUSC	Tobacco-Related Malignancy	2	\$5 million
MUSC/uSC	Stroke	3	\$5 million
Total Awarded in 2006-2007		14	\$35 million

* The Hydrogen & Fuel Cell Economy CoEE was approved during 2003-2004. Funding for one half of this CoEE was provided in 2003-04, the other half in 2004-2005.

** Increased from one to two by act of the CoEE Review Board on September 8, 2008.

*** On September 9, 2008, the CoEE Review Board approved a revision to this proposal which relinquished Clemson University as a collaborative partner and transferred the CoEE chair at Clemson to MUSC.

† The SeniorSMART CoEE was approved in 2007-2008. Funding was provided from 2006-2007 dollars.

Funding Year 2007-2008			
Institution (fiscal institution first)	Proposal Title	Endowed Chairs	Proposal Amount
Clemson	Optoelectronics	1	\$2 million
Clemson	Cyber-Institute	1	\$2 million
USC	Nanoenvironmental Research & Risk Assessment	1	\$3 million
USC	Nuclear Science and Energy	1	\$3 million
MUSC	Renal Disease Biomarker	2	\$5 million
MUSC/Clemson	Cancer Stem Cell Biology	2	\$5 million
MUSC/USC/Clemson	Advanced Tissue Biofabrication	3	\$5 million
MUSC/USC/SCSU	Cancer Disparities *	3	\$3.6 million
MUSC/USC	Medication Safety & Efficacy *	1	\$2 million
Total Awarded in 2007-2008		15	\$30.6 million
Funding Year 2008-2009			
Institution (fiscal institution first)	Proposal Title	Endowed Chairs	Proposal Amount
Clemson	Tissue Systems Characterization	1	\$3 million
USC	Nuclear Science Strategies	1	\$3 million
USC/MUSC	Healthful Lifestyles**	2	\$3 million
MUSC	Lipidomics, Pathobiology and Therapy	2	\$5 million
Total Awarded in 2008-2009		6	\$14 million

* CoEE was approved in 2008-2009. Funding was provided from 2007-2008 dollars.

** CoEE was approved in 2009-2010. Funding was provided from 2008-2009 dollars.

Program Totals	
TOTAL LOTTERY APPROPRIATIONS (2002-2009)	\$180 million
ACCRUED PROGRAM INTEREST USED FOR ADDITIONAL AWARDS *	\$6.6 million
TOTAL FUNDS AWARDED (2003-2009 proposal cycles)	\$186.6 million

* As permitted by S.C. 2-75-30(A).

Research Institution Totals			
Institution	Number of Centers	Number of Endowed Chairs	State Funds Drawn
Clemson University	12	15	\$24,304,458
University of South Carolina	16	27	\$27,464,910
Medical University of South Carolina	18	39	\$42,754,539
TOTALS	46	81	\$94,523,907



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INDEPENDENT AUDITOR'S REPORT

To the Review Board
South Carolina Centers of Economic Excellence
Columbia, South Carolina

We have audited the statements of program revenues and expenditures of the South Carolina Centers of Economic Excellence (the Program) for the year ended June 30, 2009 as listed in the index. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the program revenues and expenditures of the South Carolina Centers of Economic Excellence for the year ended June 30, 2009 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2009 on our consideration of the Program's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 2 - 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and do not express an opinion on it.

Derrick Stubbs + Stith LLP

November 20, 2009

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
PROGRAM REVENUES AND EXPENDITURES - CONSOLIDATED SUMMARY
YEAR ENDING JUNE 30, 2009**

	Clemson University					Medical University of South Carolina				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 489,011	\$ -	\$ -	\$ -	\$ 489,011	\$ 10,901,319	\$ -	\$ -	\$ -	\$ 10,901,319
Non-state matching funds		2,687,050	7,706	-	2,694,756	-	5,318,175	7,693,670	-	13,011,845
Total contribution revenue	<u>489,011</u>	<u>2,687,050</u>	<u>7,706</u>	<u>-</u>	<u>3,183,767</u>	<u>10,901,319</u>	<u>5,318,175</u>	<u>7,693,670</u>	<u>-</u>	<u>23,913,164</u>
Investment Income										
Realized gain (loss)	-	-	-	76,030	76,030	-	-	-	(5,341,658)	(5,341,658)
Unrealized gain	-	-	-	(12,325,056)	(12,325,056)	-	-	-	(6,813,182)	(6,813,182)
Endowment income	-	-	-	336,364	336,364	-	-	-	914,745	914,745
Total investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,912,662)</u>	<u>(11,912,662)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,240,095)</u>	<u>(11,240,095)</u>
Total revenue	<u>489,011</u>	<u>2,687,050</u>	<u>7,706</u>	<u>(11,912,662)</u>	<u>(8,728,895)</u>	<u>10,901,319</u>	<u>5,318,175</u>	<u>7,693,670</u>	<u>(11,240,095)</u>	<u>12,673,069</u>
Expenditures										
Personal services	-	-	803,589	-	803,589	-	-	3,407,114	-	3,407,114
Fringe	-	-	211,189	-	211,189	-	-	880,796	-	880,796
Travel	-	-	101,871	-	101,871	-	-	192,764	-	192,764
Supplies	-	-	1,233,988	-	1,233,988	-	-	176,597	-	176,597
Contractual	-	-	-	-	-	-	-	122,343	-	122,343
Indirect cost recovery	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	-	-	-	-	258,757	605,608	864,365
Other	-	-	-	-	-	-	-	175,264	6,937	182,201
Facilities	-	-	-	-	-	-	-	1,147,939	-	1,147,939
Equipment	-	-	302,383	-	302,383	-	-	1,367,542	-	1,367,542
Total expenditures	<u>-</u>	<u>-</u>	<u>2,653,020</u>	<u>-</u>	<u>2,653,020</u>	<u>-</u>	<u>-</u>	<u>7,729,116</u>	<u>612,545</u>	<u>8,341,661</u>
Program net income	489,011	2,687,050	(2,645,314)	(11,912,662)	(11,381,915)	10,901,319	5,318,175	(35,446)	(11,852,640)	4,331,408
Transfers	-	250,752	2,037,554	(2,288,306)	-	-	(602,554)	927,111	(492,419)	(167,862)
Cumulative Program Net Income										
Beginning	23,315,447	21,774,905	1,271,163	7,001,016	53,362,531	32,353,220	17,798,523	2,471,482	4,657,703	57,280,928
Ending	<u>\$ 23,804,458</u>	<u>\$ 24,712,707</u>	<u>\$ 663,403</u>	<u>\$ (7,199,952)</u>	<u>\$ 41,980,616</u>	<u>\$ 43,254,539</u>	<u>\$ 22,514,144</u>	<u>\$ 3,363,147</u>	<u>\$ (7,687,356)</u>	<u>\$ 61,444,474</u>

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
PROGRAM REVENUES AND EXPENDITURES - CONSOLIDATED SUMMARY
YEAR ENDING JUNE 30, 2009**

	University of South Carolina					Total - Consolidated Summary				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 16,683,945	\$ -	\$ -	\$ -	\$ 16,683,945	\$ 28,074,275	\$ -	\$ -	\$ -	\$ 28,074,275
Non-state matching funds	-	1,200,349	6,959,660	-	8,160,009	-	9,205,574	14,661,036	-	23,866,610
Total contribution revenue	<u>16,683,945</u>	<u>1,200,349</u>	<u>6,959,660</u>	<u>-</u>	<u>24,843,954</u>	<u>28,074,275</u>	<u>9,205,574</u>	<u>14,661,036</u>	<u>-</u>	<u>51,940,885</u>
Investment Income										
Realized gain (loss)	-	-	-	(792,976)	(792,976)	-	-	-	(6,058,604)	(6,058,604)
Unrealized gain	-	-	-	(584,292)	(584,292)	-	-	-	(19,722,530)	(19,722,530)
Endowment income	-	-	-	970,834	970,834	-	-	-	2,221,943	2,221,943
Total investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(406,434)</u>	<u>(406,434)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,559,191)</u>	<u>(23,559,191)</u>
Total revenue	<u>16,683,945</u>	<u>1,200,349</u>	<u>6,959,660</u>	<u>(406,434)</u>	<u>24,437,520</u>	<u>28,074,275</u>	<u>9,205,574</u>	<u>14,661,036</u>	<u>(23,559,191)</u>	<u>28,381,694</u>
Expenditures										
Personal services	-	-	1,103,708	75,864	1,179,572	-	-	5,314,411	75,864	5,390,275
Fringe	-	-	228,801	5,306	234,107	-	-	1,320,786	5,306	1,326,092
Travel	-	-	76,149	27,966	104,115	-	-	370,784	27,966	398,750
Supplies	-	-	49,180	-	49,180	-	-	1,459,765	-	1,459,765
Contractual	-	-	1,314,233	4,447	1,318,680	-	-	1,436,576	4,447	1,441,023
Indirect cost recovery	-	-	8,358	-	8,358	-	-	8,358	-	8,358
Administrative fees	-	-	-	63,896	63,896	-	-	258,757	669,504	928,261
Other	-	-	107,873	10,666	118,539	-	-	283,137	17,603	300,740
Facilities	-	-	835,000	-	835,000	-	-	1,982,939	-	1,982,939
Equipment	-	-	31,770	-	31,770	-	-	1,701,695	-	1,701,695
Total expenditures	<u>-</u>	<u>-</u>	<u>3,755,072</u>	<u>188,145</u>	<u>3,943,217</u>	<u>-</u>	<u>-</u>	<u>14,137,208</u>	<u>800,690</u>	<u>14,937,898</u>
Program net income	16,683,945	1,200,349	3,204,588	(594,579)	20,494,303	28,074,275	9,205,574	523,828	(24,359,881)	13,443,796
Transfers	-	(500,000)	500,000	-	-	-	(851,802)	3,464,665	(2,780,725)	(167,862)
Cumulative Program Net Income										
Beginning	10,780,965	10,062,581	1,064,782	1,420,874	23,329,202	66,449,632	49,636,009	4,807,427	13,079,593	133,972,661
Ending	<u>\$ 27,464,910</u>	<u>\$ 10,762,930</u>	<u>\$ 4,769,370</u>	<u>\$ 826,295</u>	<u>\$ 43,823,505</u>	<u>\$ 94,523,907</u>	<u>\$ 57,989,781</u>	<u>\$ 8,795,920</u>	<u>\$ (14,061,013)</u>	<u>\$ 147,248,595</u>

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
CLEMSON UNIVERSITY
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2009**

	Automotive Design and Development					Automotive Manufacturing Integration				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-state matching funds	-	200,000	-	-	200,000	-	-	3,069	-	3,069
Total contribution revenue	-	200,000	-	-	200,000	-	-	3,069	-	3,069
Investment Income										
Realized gain	-	-	-	555	555	-	-	-	16,888	16,888
Unrealized gain	-	-	-	(68,704)	(68,704)	-	-	-	(2,743,236)	(2,743,236)
Endowment income	-	-	-	5,060	5,060	-	-	-	75,567	75,567
Total investment income	-	-	-	(63,089)	(63,089)	-	-	-	(2,650,781)	(2,650,781)
Total revenue	-	200,000	-	(63,089)	136,911	-	-	3,069	(2,650,781)	(2,647,712)
Expenditures										
Personal services	-	-	-	-	-	-	-	255,576	-	255,576
Fringe	-	-	-	-	-	-	-	67,105	-	67,105
Travel	-	-	-	-	-	-	-	29,756	-	29,756
Supplies	-	-	-	-	-	-	-	149,115	-	149,115
Equipment	-	-	-	-	-	-	-	83,345	-	83,345
Total expenses	-	-	-	-	-	-	-	584,897	-	584,897
Program net income	-	200,000	-	(63,089)	136,911	-	-	(581,828)	(2,650,781)	(3,232,609)
Transfers	-	-	-	-	-	-	-	623,410	(623,410)	-
Cumulative Program Net Income										
Beginning	-	121,056	-	(561)	120,495	5,000,000	5,000,000	-	1,772,873	11,772,873
Ending	\$ -	\$ 321,056	\$ -	\$ (63,650)	\$ 257,406	\$ 5,000,000	\$ 5,000,000	\$ 41,582	\$ (1,501,318)	\$ 8,540,264

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
CLEMSON UNIVERSITY
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2009**

	Automotive Systems Integration					Optical Materials				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-state matching funds	-	-	-	-	-	-	100	-	-	100
Total contribution revenue	-	-	-	-	-	-	100	-	-	100
Investment Income										
Realized gain	-	-	-	18,582	18,582	-	-	-	11,196	11,196
Unrealized gain	-	-	-	(3,019,670)	(3,019,670)	-	-	-	(1,909,408)	(1,909,408)
Endowment income	-	-	-	83,976	83,976	-	-	-	37,218	37,218
Total investment income	-	-	-	(2,917,112)	(2,917,112)	-	-	-	(1,860,994)	(1,860,994)
Total revenue	-	-	-	(2,917,112)	(2,917,112)	-	100	-	(1,860,994)	(1,860,894)
Expenditures										
Personal services	-	-	375,816	-	375,816	-	-	18,656	-	18,656
Fringe	-	-	93,709	-	93,709	-	-	6,122	-	6,122
Travel	-	-	43,506	-	43,506	-	-	7,986	-	7,986
Supplies	-	-	242,577	-	242,577	-	-	1,785	-	1,785
Equipment	-	-	211,851	-	211,851	-	-	-	-	-
Total expenses	-	-	967,459	-	967,459	-	-	34,549	-	34,549
Program net income	-	-	(967,459)	(2,917,112)	(3,884,571)	-	100	(34,549)	(1,860,994)	(1,895,443)
Transfers	-	-	1,079,462	(1,079,462)	-	-	250,752	(78,582)	(172,170)	-
Cumulative Program Net Income										
Beginning	5,000,000	5,000,000	-	3,323,055	13,323,055	4,313,458	2,800,000	317,622	680,868	8,111,948
Ending	\$ 5,000,000	\$ 5,000,000	\$ 112,003	\$ (673,519)	\$ 9,438,484	\$ 4,313,458	\$ 3,050,852	\$ 204,491	\$ (1,352,296)	\$ 6,216,505

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
CLEMSON UNIVERSITY
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2009**

	Vehicle Electronic Systems					Supply Chain Optimization and Logistics				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
Non-state matching funds	-	-	-	-	-	-	350,000	-	-	350,000
Total contribution revenue	-	-	-	-	-	350,000	350,000	-	-	700,000
Investment Income										
Realized gain	-	-	-	8,022	8,022	-	-	-	3,328	3,328
Unrealized gain	-	-	-	(1,326,104)	(1,326,104)	-	-	-	(507,160)	(507,160)
Endowment income	-	-	-	28,490	28,490	-	-	-	20,611	20,611
Total investment income	-	-	-	(1,289,592)	(1,289,592)	-	-	-	(483,221)	(483,221)
Total revenue	-	-	-	(1,289,592)	(1,289,592)	350,000	350,000	-	(483,221)	216,779
Expenditures										
Personal services	-	-	134,885	-	134,885	-	-	-	-	-
Fringe	-	-	38,131	-	38,131	-	-	-	-	-
Travel	-	-	12,470	-	12,470	-	-	-	-	-
Supplies	-	-	834,146	-	834,146	-	-	-	-	-
Equipment	-	-	7,187	-	7,187	-	-	-	-	-
Total expenses	-	-	1,026,819	-	1,026,819	-	-	-	-	-
Program net income	-	-	(1,026,819)	(1,289,592)	(2,316,411)	350,000	350,000	-	(483,221)	216,779
Transfers	-	-	190,494	(190,494)	-	-	-	-	-	-
Cumulative Program Net Income										
Beginning	3,000,000	2,000,000	881,767	728,251	6,610,018	1,000,000	1,000,000	-	(167,127)	1,832,873
Ending	\$ 3,000,000	\$ 2,000,000	\$ 45,442	\$ (751,835)	\$ 4,293,607	\$ 1,350,000	\$ 1,350,000	\$ -	\$ (650,348)	\$ 2,049,652

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
CLEMSON UNIVERSITY
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2009**

	Urban Ecology and Restoration					Advanced Fiber-Based Materials				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139,011	\$ -	\$ -	\$ -	\$ 139,011
Non-state matching funds	-	-	-	-	-	-	136,950	4,637	-	141,587
Total contribution revenue	-	-	-	-	-	139,011	136,950	4,637	-	280,598
Investment Income										
Realized gain	-	-	-	5,926	5,926	-	-	-	9,386	9,386
Unrealized gain	-	-	-	(1,153,023)	(1,153,023)	-	-	-	(1,523,854)	(1,523,854)
Endowment income	-	-	-	28,786	28,786	-	-	-	42,235	42,235
Total investment income	-	-	-	(1,118,311)	(1,118,311)	-	-	-	(1,472,233)	(1,472,233)
Total revenue	-	-	-	(1,118,311)	(1,118,311)	139,011	136,950	4,637	(1,472,233)	(1,191,635)
Expenditures										
Personal services	-	-	-	-	-	-	-	18,656	-	18,656
Fringe	-	-	-	-	-	-	-	6,122	-	6,122
Travel	-	-	-	-	-	-	-	8,153	-	8,153
Supplies	-	-	-	-	-	-	-	6,365	-	6,365
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-	39,296	-	39,296
Program net income	-	-	-	(1,118,311)	(1,118,311)	139,011	136,950	(34,659)	(1,472,233)	(1,230,931)
Transfers	-	-	56,737	(56,737)	-	-	-	166,033	(166,033)	-
Cumulative Program Net Income										
Beginning	2,000,000	2,000,000	-	129,172	4,129,172	3,001,989	2,847,050	71,774	534,485	6,455,298
Ending	\$ 2,000,000	\$ 2,000,000	\$ 56,737	\$ (1,045,876)	\$ 3,010,861	\$ 3,141,000	\$ 2,984,000	\$ 203,148	\$ (1,103,781)	\$ 5,224,367

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
CLEMSON UNIVERSITY
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2009**

	Molecular Nutrition					Health Facilities Design and Testing				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-state matching funds	-	-	-	-	-	-	2,000,000	-	-	2,000,000
Total contribution revenue	-	-	-	-	-	-	2,000,000	-	-	2,000,000
Investment Income										
Realized gain	-	-	-	-	-	-	-	-	482	482
Unrealized gain	-	-	-	-	-	-	-	-	103,096	103,096
Endowment income	-	-	-	-	-	-	-	-	(1,755)	(1,755)
Total investment income	-	-	-	-	-	-	-	-	101,823	101,823
Total revenue	-	-	-	-	-	-	2,000,000	-	101,823	2,101,823
Expenditures										
Personal services	-	-	-	-	-	-	-	-	-	-
Fringe	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-	-	-	-
Program net income	-	-	-	-	-	-	2,000,000	-	101,823	2,101,823
Transfers	-	-	-	-	-	-	-	-	-	-
Cumulative Program Net Income										
Beginning	-	-	-	-	-	-	-	-	-	-
Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000	\$ -	\$ 101,823	\$ 2,101,823

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
CLEMSON UNIVERSITY
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2009**

	Optoelectronics					Cyber-Institute				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-state matching funds	-	-	-	-	-	-	-	-	-	-
Total contribution revenue	-	-	-	-	-	-	-	-	-	-
Investment Income										
Realized gain	-	-	-	1,665	1,665	-	-	-	-	-
Unrealized gain	-	-	-	(176,993)	(176,993)	-	-	-	-	-
Endowment income	-	-	-	16,176	16,176	-	-	-	-	-
Total investment income	-	-	-	(159,152)	(159,152)	-	-	-	-	-
Total revenue	-	-	-	(159,152)	(159,152)	-	-	-	-	-
Expenditures										
Personal services	-	-	-	-	-	-	-	-	-	-
Fringe	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-	-	-	-
Program net income	-	-	-	(159,152)	(159,152)	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Cumulative Program Net Income										
Beginning	-	1,006,799	-	-	1,006,799	-	-	-	-	-
Ending	\$ -	\$ 1,006,799	\$ -	\$ (159,152)	\$ 847,647	\$ -	\$ -	\$ -	\$ -	\$ -

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
CLEMSON UNIVERSITY
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2009**

	Tissue Systems Characterization					Total - Clemson University				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 489,011	\$ -	\$ -	\$ -	\$ 489,011
Non-state matching funds	-	-	-	-	-	-	2,687,050	7,706	-	2,694,756
Total contribution revenue	-	-	-	-	-	489,011	2,687,050	7,706	-	3,183,767
Investment Income										
Realized gain	-	-	-	-	-	-	-	-	76,030	76,030
Unrealized gain	-	-	-	-	-	-	-	-	(12,325,056)	(12,325,056)
Endowment income	-	-	-	-	-	-	-	-	336,364	336,364
Total investment income	-	-	-	-	-	-	-	-	(11,912,662)	(11,912,662)
Total revenue	-	-	-	-	-	489,011	2,687,050	7,706	(11,912,662)	(8,728,895)
Expenditures										
Personal services	-	-	-	-	-	-	-	803,589	-	803,589
Fringe	-	-	-	-	-	-	-	211,189	-	211,189
Travel	-	-	-	-	-	-	-	101,871	-	101,871
Supplies	-	-	-	-	-	-	-	1,233,988	-	1,233,988
Equipment	-	-	-	-	-	-	-	302,383	-	302,383
Total expenses	-	-	-	-	-	-	-	2,653,020	-	2,653,020
Program net income	-	-	-	-	-	489,011	2,687,050	(2,645,314)	(11,912,662)	(11,381,915)
Transfers	-	-	-	-	-	-	250,752	2,037,554	(2,288,306)	-
Cumulative Program Net Income										
Beginning	-	-	-	-	-	23,315,447	21,774,905	1,271,163	7,001,016	53,362,531
Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,804,458	\$ 24,712,707	\$ 663,403	\$ (7,199,952)	\$ 41,980,616

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
MEDICAL UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2009**

	Proteomics					Neurosciences				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 451,545	\$ -	\$ -	\$ -	\$ 451,545	\$ 600,000	\$ -	\$ -	\$ -	\$ 600,000
Non-state matching funds	-	54,012	395,931	-	449,943	-	-	316,955	-	316,955
Total contribution revenue	<u>451,545</u>	<u>54,012</u>	<u>395,931</u>	<u>-</u>	<u>901,488</u>	<u>600,000</u>	<u>-</u>	<u>316,955</u>	<u>-</u>	<u>916,955</u>
Investment Income										
Realized gain (loss)	-	-	-	(248,260)	(248,260)	-	-	-	(369,195)	(369,195)
Unrealized gain	-	-	-	(333,733)	(333,733)	-	-	-	(578,730)	(578,730)
Endowment income	-	-	-	44,917	44,917	-	-	-	66,199	66,199
Total investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(537,076)</u>	<u>(537,076)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(881,726)</u>	<u>(881,726)</u>
Total revenue	<u>451,545</u>	<u>54,012</u>	<u>395,931</u>	<u>(537,076)</u>	<u>364,412</u>	<u>600,000</u>	<u>-</u>	<u>316,955</u>	<u>(881,726)</u>	<u>35,229</u>
Expenditures										
Personal services	-	-	-	-	-	-	-	(3,145)	-	(3,145)
Fringe	-	-	-	-	-	-	-	(823)	-	(823)
Travel	-	-	110	-	110	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Contractual	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	24,718	24,718	-	-	15,848	34,691	50,539
Other	-	-	3,360	-	3,360	-	-	(3,750)	-	(3,750)
Facilities	-	-	395,931	-	395,931	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>399,401</u>	<u>24,718</u>	<u>424,119</u>	<u>-</u>	<u>-</u>	<u>8,130</u>	<u>34,691</u>	<u>42,821</u>
Program net income	451,545	54,012	(3,470)	(561,794)	(59,707)	600,000	-	308,825	(916,417)	(7,592)
Transfers	-	10,287	-	(10,287)	-	-	(472,500)	-	86,199	(386,301)
Cumulative Program Net Income										
Beginning	1,762,385	864,481	145,010	89,891	2,861,767	2,400,000	1,372,500	516,628	419,958	4,709,086
Ending	<u>\$ 2,213,930</u>	<u>\$ 928,780</u>	<u>\$ 141,540</u>	<u>\$ (482,190)</u>	<u>\$ 2,802,060</u>	<u>\$ 3,000,000</u>	<u>\$ 900,000</u>	<u>\$ 825,453</u>	<u>\$ (410,260)</u>	<u>\$ 4,315,193</u>

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
MEDICAL UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2009**

	Marine Genomics					Regenerative Medicine				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-state matching funds	-	-	-	-	-	-	1,555,555	1,666,666	-	3,222,221
Total contribution revenue	-	-	-	-	-	-	1,555,555	1,666,666	-	3,222,221
Investment Income										
Realized gain (loss)	-	-	-	(841,493)	(841,493)	-	-	-	(154,389)	(154,389)
Unrealized gain	-	-	-	10,820	10,820	-	-	-	(960,400)	(960,400)
Endowment income	-	-	-	70,070	70,070	-	-	-	48,745	48,745
Total investment income	-	-	-	(760,603)	(760,603)	-	-	-	(1,066,044)	(1,066,044)
Total revenue	-	-	-	(760,603)	(760,603)	-	1,555,555	1,666,666	(1,066,044)	2,156,177
Expenditures										
Personal services	-	-	34,492	-	34,492	-	-	596,888	-	596,888
Fringe	-	-	9,486	-	9,486	-	-	121,450	-	121,450
Travel	-	-	3,054	-	3,054	-	-	104,831	-	104,831
Supplies	-	-	1,226	-	1,226	-	-	-	-	-
Contractual	-	-	-	-	-	-	-	916	-	916
Administrative fees	-	-	-	19,044	19,044	-	-	27,778	42,996	70,774
Other	-	-	7,375	-	7,375	-	-	56,451	-	56,451
Facilities	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	55,633	19,044	74,677	-	-	908,314	42,996	951,310
Program net income	-	-	(55,633)	(779,647)	(835,280)	-	1,555,555	758,352	(1,109,040)	1,204,867
Transfers	-	25,000	16,000	(41,000)	-	-	(555,555)	407,934	147,621	-
Cumulative Program Net Income										
Beginning	1,500,000	1,475,000	58,735	855,820	3,889,555	2,500,000	1,000,000	81,407	150,419	3,731,826
Ending	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 19,102</u>	<u>\$ 35,173</u>	<u>\$ 3,054,275</u>	<u>\$ 2,500,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,247,693</u>	<u>\$ (811,000)</u>	<u>\$ 4,936,693</u>

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
MEDICAL UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2009**

	Translational Cancer Therapeutics					Drug Discovery in Cancer				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 276,532	\$ -	\$ -	\$ -	\$ 276,532
Non-state matching funds	-	-	-	-	-	-	-	-	-	-
Total contribution revenue	-	-	-	-	-	276,532	-	-	-	276,532
Investment Income										
Realized gain (loss)	-	-	-	(716,419)	(716,419)	-	-	-	(588,537)	(588,537)
Unrealized gain	-	-	-	(1,207,145)	(1,207,145)	-	-	-	(996,940)	(996,940)
Endowment income	-	-	-	121,149	121,149	-	-	-	104,385	104,385
Total investment income	-	-	-	(1,802,415)	(1,802,415)	-	-	-	(1,481,092)	(1,481,092)
Total revenue	-	-	-	(1,802,415)	(1,802,415)	276,532	-	-	(1,481,092)	(1,204,560)
Expenditures										
Personal services	-	-	238,120	-	238,120	-	-	68,967	-	68,967
Fringe	-	-	64,698	-	64,698	-	-	18,966	-	18,966
Travel	-	-	695	-	695	-	-	580	-	580
Supplies	-	-	111	-	111	-	-	24,977	-	24,977
Contractual	-	-	-	-	-	-	-	13,899	-	13,899
Administrative fees	-	-	-	68,240	68,240	-	-	-	57,084	57,084
Other	-	-	33,336	-	33,336	-	-	-	-	-
Facilities	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	336,960	68,240	405,200	-	-	127,389	57,084	184,473
Program net income	-	-	(336,960)	(1,870,655)	(2,207,615)	276,532	-	(127,389)	(1,538,176)	(1,389,033)
Transfers	-	75,293	-	(75,293)	-	-	52,654	503,177	(555,831)	-
Cumulative Program Net Income										
Beginning	5,000,000	1,922,802	452,542	1,328,625	8,703,969	4,723,468	1,551,856	(93,958)	970,830	7,152,196
Ending	<u>\$ 5,000,000</u>	<u>\$ 1,998,095</u>	<u>\$ 115,582</u>	<u>\$ (617,323)</u>	<u>\$ 6,496,354</u>	<u>\$ 5,000,000</u>	<u>\$ 1,604,510</u>	<u>\$ 281,830</u>	<u>\$ (1,123,177)</u>	<u>\$ 5,763,163</u>

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
MEDICAL UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2009**

	Gastrointestinal Cancer Diagnostics					Vision Science				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 992,198	\$ -	\$ -	\$ -	\$ 992,198	\$ -	\$ -	\$ -	\$ -	\$ -
Non-state matching funds	-	-	25,006	-	25,006	-	-	830,127	-	830,127
Total contribution revenue	<u>992,198</u>	<u>-</u>	<u>25,006</u>	<u>-</u>	<u>1,017,204</u>	<u>-</u>	<u>-</u>	<u>830,127</u>	<u>-</u>	<u>830,127</u>
Investment Income										
Realized gain (loss)	-	-	-	(571,958)	(571,958)	-	-	-	(579,511)	(579,511)
Unrealized gain	-	-	-	(890,733)	(890,733)	-	-	-	(944,944)	(944,944)
Endowment income	-	-	-	102,724	102,724	-	-	-	106,274	106,274
Total investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,359,967)</u>	<u>(1,359,967)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,418,181)</u>	<u>(1,418,181)</u>
Total revenue	<u>992,198</u>	<u>-</u>	<u>25,006</u>	<u>(1,359,967)</u>	<u>(342,763)</u>	<u>-</u>	<u>-</u>	<u>830,127</u>	<u>(1,418,181)</u>	<u>(588,054)</u>
Expenditures										
Personal services	-	-	102,398	-	102,398	-	-	211,457	-	211,457
Fringe	-	-	28,170	-	28,170	-	-	58,088	-	58,088
Travel	-	-	-	-	-	-	-	8,084	-	8,084
Supplies	-	-	17,352	-	17,352	-	-	103,611	-	103,611
Contractual	-	-	-	-	-	-	-	79,012	-	79,012
Administrative fees	-	-	1,250	53,699	54,949	-	-	4,960	52,232	57,192
Other	-	-	-	-	-	-	-	6,979	-	6,979
Facilities	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	103,850	-	103,850
Total expenditures	<u>-</u>	<u>-</u>	<u>149,170</u>	<u>53,699</u>	<u>202,869</u>	<u>-</u>	<u>-</u>	<u>576,041</u>	<u>52,232</u>	<u>628,273</u>
Program net income	992,198	-	(124,164)	(1,413,666)	(545,632)	-	-	254,086	(1,470,413)	(1,216,327)
Transfers	-	100,000	-	(100,000)	-	-	37,077	-	(37,077)	-
Cumulative Program Net Income										
Beginning	4,007,802	1,900,000	508,058	574,601	6,990,461	4,367,192	1,841,697	117,532	469,323	6,795,744
Ending	<u>\$ 5,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 383,894</u>	<u>\$ (939,065)</u>	<u>\$ 6,444,829</u>	<u>\$ 4,367,192</u>	<u>\$ 1,878,774</u>	<u>\$ 371,618</u>	<u>\$ (1,038,167)</u>	<u>\$ 5,579,417</u>

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
MEDICAL UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
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	Clinical Effectiveness and Patient Safety					Molecular Proteomics in Cardiovascular Disease and Prevention				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 2,034,885	\$ -	\$ -	\$ -	\$ 2,034,885	\$ 253,022	\$ -		\$ -	\$ 253,022
Non-state matching funds	-	-	1,433,011	-	1,433,011	-	663,692	557,554	-	1,221,246
Total contribution revenue	<u>2,034,885</u>	<u>-</u>	<u>1,433,011</u>	<u>-</u>	<u>3,467,896</u>	<u>253,022</u>	<u>663,692</u>	<u>557,554</u>	<u>-</u>	<u>1,474,268</u>
Investment Income										
Realized gain (loss)	-	-	-	(454,925)	(454,925)	-	-	-	(626,963)	(626,963)
Unrealized gain	-	-	-	(371,422)	(371,422)	-	-	-	(977,911)	(977,911)
Endowment income	-	-	-	84,390	84,390	-	-	-	108,506	108,506
Total investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(741,957)</u>	<u>(741,957)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,496,368)</u>	<u>(1,496,368)</u>
Total revenue	<u>2,034,885</u>	<u>-</u>	<u>1,433,011</u>	<u>(741,957)</u>	<u>2,725,939</u>	<u>253,022</u>	<u>663,692</u>	<u>557,554</u>	<u>(1,496,368)</u>	<u>(22,100)</u>
Expenditures										
Personal services	-	-	2,026,465	-	2,026,465	-	-	76,201	-	76,201
Fringe	-	-	544,600	-	544,600	-	-	20,955	-	20,955
Travel	-	-	74,774	-	74,774	-	-	-	-	-
Supplies	-	-	24,386	-	24,386	-	-	104	-	104
Contractual	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	110,616	41,299	151,915	-	-	25,035	88,360	113,395
Other	-	-	28,444	-	28,444	-	-	75	-	75
Facilities	-	-	93,540	-	93,540	-	-	-	-	-
Equipment	-	-	82,536	-	82,536	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>2,985,361</u>	<u>41,299</u>	<u>3,026,660</u>	<u>-</u>	<u>-</u>	<u>122,370</u>	<u>88,360</u>	<u>210,730</u>
Program net income	2,034,885	-	(1,552,350)	(783,256)	(300,721)	253,022	663,692	435,184	(1,584,728)	(232,830)
Transfers	-	-	-	-	-	-	(1,000,000)	-	285,748	(714,252)
Cumulative Program Net Income										
Beginning	2,502,432	2,000,000	448,000	(126,043)	4,824,389	3,589,941	3,466,187	4,608	(77,429)	6,983,307
Ending	<u>\$ 4,537,317</u>	<u>\$ 2,000,000</u>	<u>\$ (1,104,350)</u>	<u>\$ (909,299)</u>	<u>\$ 4,523,668</u>	<u>\$ 3,842,963</u>	<u>\$ 3,129,879</u>	<u>\$ 439,792</u>	<u>\$ (1,376,409)</u>	<u>\$ 6,036,225</u>

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
MEDICAL UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2009**

	Tobacco-Related Malignancy					Stroke				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 4,023,530	\$ -	\$ -	\$ -	\$ 4,023,530	\$ 2,269,607	\$ -	\$ -	\$ -	\$ 2,269,607
Non-state matching funds	-	964,812	322,475	-	1,287,287	-	2,000,000	1,373,842	-	3,373,842
Total contribution revenue	<u>4,023,530</u>	<u>964,812</u>	<u>322,475</u>	<u>-</u>	<u>5,310,817</u>	<u>2,269,607</u>	<u>2,000,000</u>	<u>1,373,842</u>	<u>-</u>	<u>5,643,449</u>
Investment Income										
Realized gain (loss)	-	-	-	(119,727)	(119,727)	-	-	-	(18,914)	(18,914)
Unrealized gain	-	-	-	253,127	253,127	-	-	-	132,331	132,331
Endowment income	-	-	-	31,248	31,248	-	-	-	17,387	17,387
Total investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,648</u>	<u>164,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,804</u>	<u>130,804</u>
Total revenue	<u>4,023,530</u>	<u>964,812</u>	<u>322,475</u>	<u>164,648</u>	<u>5,475,465</u>	<u>2,269,607</u>	<u>2,000,000</u>	<u>1,373,842</u>	<u>130,804</u>	<u>5,774,253</u>
Expenditures										
Personal services	-	-	-	-	-	-	-	55,271	-	55,271
Fringe	-	-	-	-	-	-	-	15,206	-	15,206
Travel	-	-	-	-	-	-	-	636	-	636
Supplies	-	-	78	-	78	-	-	4,752	-	4,752
Contractual	-	-	-	-	-	-	-	28,516	-	28,516
Administrative fees	-	-	15,432	55,221	70,653	-	-	54,900	59,627	114,527
Other	-	-	-	-	-	-	-	42,994	-	42,994
Facilities	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	1,181,156	-	1,181,156
Total expenditures	<u>-</u>	<u>-</u>	<u>15,510</u>	<u>55,221</u>	<u>70,731</u>	<u>-</u>	<u>-</u>	<u>1,383,431</u>	<u>59,627</u>	<u>1,443,058</u>
Program net income	4,023,530	964,812	306,965	109,427	5,404,734	2,269,607	2,000,000	(9,589)	71,177	4,331,195
Transfers	-	-	-	-	-	-	500,000	-	(113,699)	386,301
Cumulative Program Net Income										
Beginning	-	404,000	218,908	1,708	624,616	-	-	14,012	-	14,012
Ending	<u>\$ 4,023,530</u>	<u>\$ 1,368,812</u>	<u>\$ 525,873</u>	<u>\$ 111,135</u>	<u>\$ 6,029,350</u>	<u>\$ 2,269,607</u>	<u>\$ 2,500,000</u>	<u>\$ 4,423</u>	<u>\$ (42,522)</u>	<u>\$ 4,731,508</u>

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
MEDICAL UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2009**

	Renal Disease Biomarker					Cancer Stem Cell Biology and Therapy				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-state matching funds	-	250	53,098	-	53,348	-	76,854	60,537	-	137,391
Total contribution revenue	-	250	53,098	-	53,348	-	76,854	60,537	-	137,391
Investment Income										
Realized gain (loss)	-	-	-	(46,807)	(46,807)	-	-	-	(4,555)	(4,555)
Unrealized gain	-	-	-	44,668	44,668	-	-	-	7,805	7,805
Endowment income	-	-	-	7,926	7,926	-	-	-	819	819
Total investment income	-	-	-	5,787	5,787	-	-	-	4,069	4,069
Total revenue	-	250	53,098	5,787	59,135	-	76,854	60,537	4,069	141,460
Expenditures										
Personal services	-	-	-	-	-	-	-	-	-	-
Fringe	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Contractual	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	2,655	4,054	6,709	-	-	283	4,193	4,476
Other	-	-	-	-	-	-	-	-	6,937	6,937
Facilities	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	2,655	4,054	6,709	-	-	283	11,130	11,413
Program net income	-	250	50,443	1,733	52,426	-	76,854	60,254	(7,061)	130,047
Transfers	-	625,190	-	(85,436)	539,754	-	-	-	6,636	6,636
Cumulative Program Net Income										
Beginning	-	-	-	-	-	-	-	-	-	-
Ending	<u>\$ -</u>	<u>\$ 625,440</u>	<u>\$ 50,443</u>	<u>\$ (83,703)</u>	<u>\$ 592,180</u>	<u>\$ -</u>	<u>\$ 76,854</u>	<u>\$ 60,254</u>	<u>\$ (425)</u>	<u>\$ 136,683</u>

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
MEDICAL UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2009**

	Advanced Tissue Biofabrication					Medication Safety and Efficacy				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-state matching funds	-	-	658,468	-	658,468	-	-	-	-	-
Total contribution revenue	-	-	658,468	-	658,468	-	-	-	-	-
Investment Income										
Realized gain (loss)	-	-	-	-	-	-	-	-	-	-
Unrealized gain	-	-	-	-	-	-	-	-	-	-
Endowment income	-	-	-	-	-	-	-	-	-	-
Total investment income	-	-	-	-	-	-	-	-	-	-
Total revenue	-	-	658,468	-	658,468	-	-	-	-	-
Expenditures										
Personal services	-	-	-	-	-	-	-	-	-	-
Fringe	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Contractual	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Facilities	-	-	658,468	-	658,468	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	658,468	-	658,468	-	-	-	-	-
Program net income	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Cumulative Program Net Income										
Beginning	-	-	-	-	-	-	-	-	-	-
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
MEDICAL UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2009**

	Prostate Cancer Disparities					Lipidomics, Pathobiology and Therapy				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-state matching funds	-	3,000	-	-	3,000	-	-	-	-	-
Total contribution revenue	-	3,000	-	-	3,000	-	-	-	-	-
Investment Income										
Realized gain (loss)	-	-	-	(5)	(5)	-	-	-	-	-
Unrealized gain	-	-	-	25	25	-	-	-	-	-
Endowment income	-	-	-	6	6	-	-	-	-	-
Total investment income	-	-	-	26	26	-	-	-	-	-
Total revenue	-	3,000	-	26	3,026	-	-	-	-	-
Expenditures										
Personal services	-	-	-	-	-	-	-	-	-	-
Fringe	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Contractual	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	150	150	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Facilities	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	150	150	-	-	-	-	-
Program net income	-	3,000	-	(124)	2,876	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Cumulative Program Net Income										
Beginning	-	-	-	-	-	-	-	-	-	-
Ending	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ (124)</u>	<u>\$ 2,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
MEDICAL UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
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	Total - Medical University of South Carolina				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue					
State funds	\$ 10,901,319	\$ -	\$ -	\$ -	\$ 10,901,319
Non-state matching funds	-	5,318,175	7,693,670	-	13,011,845
Total contribution revenue	<u>10,901,319</u>	<u>5,318,175</u>	<u>7,693,670</u>	<u>-</u>	<u>23,913,164</u>
	-	-	-	-	-
Investment Income					
Realized gain (loss)	-	-	-	(5,341,658)	(5,341,658)
Unrealized gain	-	-	-	(6,813,182)	(6,813,182)
Endowment income	-	-	-	914,745	914,745
Total investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,240,095)</u>	<u>(11,240,095)</u>
Total revenue	<u>10,901,319</u>	<u>5,318,175</u>	<u>7,693,670</u>	<u>(11,240,095)</u>	<u>12,673,069</u>
Expenditures					
Personal services	-	-	3,407,114	-	3,407,114
Fringe	-	-	880,796	-	880,796
Travel	-	-	192,764	-	192,764
Supplies	-	-	176,597	-	176,597
Contractual	-	-	122,343	-	122,343
Administrative fees	-	-	258,757	605,608	864,365
Other	-	-	175,264	6,937	182,201
Facilities	-	-	1,147,939	-	1,147,939
Equipment	-	-	1,367,542	-	1,367,542
Total expenditures	<u>-</u>	<u>-</u>	<u>7,729,116</u>	<u>612,545</u>	<u>8,341,661</u>
Program net income	10,901,319	5,318,175	(35,446)	(11,852,640)	4,331,408
Transfers	-	(602,554)	927,111	(492,419)	(167,862)
Cumulative Program Net Income					
Beginning	<u>32,353,220</u>	<u>17,798,523</u>	<u>2,471,482</u>	<u>4,657,703</u>	<u>57,280,928</u>
Ending	<u><u>\$ 43,254,539</u></u>	<u><u>\$ 22,514,144</u></u>	<u><u>\$ 3,363,147</u></u>	<u><u>\$ (7,687,356)</u></u>	<u><u>\$ 61,444,474</u></u>

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2009**

	Nanostructures					Brain Imaging				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 473,958	\$ -	\$ -	\$ -	\$ 473,958	\$ 1,336,096	\$ -	\$ -	\$ -	\$ 1,336,096
Non-state matching funds	-	103,100	-	-	103,100	-	-	-	-	-
Total contribution revenue	<u>473,958</u>	<u>103,100</u>	<u>-</u>	<u>-</u>	<u>577,058</u>	<u>1,336,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,336,096</u>
Investment Income										
Realized gain (loss)	-	-	-	(231,376)	(231,376)	-	-	-	(315,221)	(315,221)
Unrealized gain	-	-	-	(174,293)	(174,293)	-	-	-	(238,992)	(238,992)
Endowment income	-	-	-	165,823	165,823	-	-	-	213,668	213,668
Total investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(239,846)</u>	<u>(239,846)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(340,545)</u>	<u>(340,545)</u>
Total revenue	<u>473,958</u>	<u>103,100</u>	<u>-</u>	<u>(239,846)</u>	<u>337,212</u>	<u>1,336,096</u>	<u>-</u>	<u>-</u>	<u>(340,545)</u>	<u>995,551</u>
Expenditures										
Personal services	-	-	1,035	48,749	49,784	-	-	-	-	-
Fringe	-	-	525	5,306	5,831	-	-	-	-	-
Travel	-	-	-	906	906	-	-	-	-	-
Supplies	-	-	24,223	-	24,223	-	-	-	-	-
Contractual	-	-	274	4,447	4,721	-	-	-	-	-
Indirect cost recovery	-	-	959	-	959	-	-	-	-	-
Administrative fees	-	-	-	18,479	18,479	-	-	-	25,195	25,195
Other	-	-	-	1,937	1,937	-	-	-	-	-
Facilities	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	12,961	-	12,961	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>39,977</u>	<u>79,824</u>	<u>119,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,195</u>	<u>25,195</u>
Program net income	473,958	103,100	(39,977)	(319,670)	217,411	1,336,096	-	-	(365,740)	970,356
Transfers	-	-	-	-	-	-	-	-	-	-
Cumulative Program Net Income										
Beginning	2,016,700	1,379,655	121,512	509,353	4,027,220	2,970,800	2,089,589	-	235,902	5,296,291
Ending	<u>\$ 2,490,658</u>	<u>\$ 1,482,755</u>	<u>\$ 81,535</u>	<u>\$ 189,683</u>	<u>\$ 4,244,631</u>	<u>\$ 4,306,896</u>	<u>\$ 2,089,589</u>	<u>\$ -</u>	<u>\$ (129,838)</u>	<u>\$ 6,266,647</u>

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
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	Polymer Nanocomposites					Hydrogen Fuel Cell Economy				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 739,623	\$ -	\$ -	\$ -	\$ 739,623	\$ 659,055	\$ -	\$ -	\$ -	\$ 659,055
Non-state matching funds	-	103,649	-	-	103,649	-	-	-	-	-
Total contribution revenue	<u>739,623</u>	<u>103,649</u>	<u>-</u>	<u>-</u>	<u>843,272</u>	<u>659,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>659,055</u>
Investment Income										
Realized gain (loss)	-	-	-	(91,452)	(91,452)	-	-	-	-	-
Unrealized gain	-	-	-	(53,546)	(53,546)	-	-	-	-	-
Endowment income	-	-	-	143,325	143,325	-	-	-	113,827	113,827
Total investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,673)</u>	<u>(1,673)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,827</u>	<u>113,827</u>
Total revenue	<u>739,623</u>	<u>103,649</u>	<u>-</u>	<u>(1,673)</u>	<u>841,599</u>	<u>659,055</u>	<u>-</u>	<u>-</u>	<u>113,827</u>	<u>772,882</u>
Expenditures										
Personal services	-	-	5,299	27,115	32,414	-	-	-	-	-
Fringe	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	27,060	27,060	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Contractual	-	-	-	-	-	-	-	-	-	-
Indirect cost recovery	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	7,468	7,468	-	-	-	-	-
Other	-	-	62	8,729	8,791	-	-	-	-	-
Facilities	-	-	-	-	-	-	-	335,000	-	335,000
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>5,361</u>	<u>70,372</u>	<u>75,733</u>	<u>-</u>	<u>-</u>	<u>335,000</u>	<u>-</u>	<u>335,000</u>
Program net income	739,623	103,649	(5,361)	(72,045)	765,866	659,055	-	(335,000)	113,827	437,882
Transfers	-	-	-	-	-	-	-	(193,091)	-	(193,091)
Cumulative Program Net Income										
Beginning	1,866,620	568,337	5,361	272,497	2,712,815	1,840,945	-	528,091	117,465	2,486,501
Ending	<u>\$ 2,606,243</u>	<u>\$ 671,986</u>	<u>\$ -</u>	<u>\$ 200,452</u>	<u>\$ 3,478,681</u>	<u>\$ 2,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,292</u>	<u>\$ 2,731,292</u>

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2009**

	Tourism and Economic Development					Renewable Fuel Cells				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 648,600	\$ -	\$ -	\$ -	\$ 648,600	\$ 707,084	\$ -	\$ -	\$ -	\$ 707,084
Non-state matching funds	-	193,600	555,000	-	748,600	-	-	122,500	-	122,500
Total contribution revenue	<u>648,600</u>	<u>193,600</u>	<u>555,000</u>	<u>-</u>	<u>1,397,200</u>	<u>707,084</u>	<u>-</u>	<u>122,500</u>	<u>-</u>	<u>829,584</u>
Investment Income										
Realized gain (loss)	-	-	-	(154,927)	(154,927)	-	-	-	-	-
Unrealized gain	-	-	-	(117,461)	(117,461)	-	-	-	-	-
Endowment income	-	-	-	83,186	83,186	-	-	-	75,339	75,339
Total investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(189,202)</u>	<u>(189,202)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,339</u>	<u>75,339</u>
Total revenue	<u>648,600</u>	<u>193,600</u>	<u>555,000</u>	<u>(189,202)</u>	<u>1,207,998</u>	<u>707,084</u>	<u>-</u>	<u>122,500</u>	<u>75,339</u>	<u>904,923</u>
Expenditures										
Personal services	-	-	167,163	-	167,163	-	-	109,844	-	109,844
Fringe	-	-	28,542	-	28,542	-	-	30,741	-	30,741
Travel	-	-	34,406	-	34,406	-	-	4,444	-	4,444
Supplies	-	-	2,351	-	2,351	-	-	9,132	-	9,132
Contractual	-	-	98,673	-	98,673	-	-	2,091	-	2,091
Indirect cost recovery	-	-	-	-	-	-	-	7,399	-	7,399
Administrative fees	-	-	-	12,383	12,383	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Facilities	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>331,135</u>	<u>12,383</u>	<u>343,518</u>	<u>-</u>	<u>-</u>	<u>163,651</u>	<u>-</u>	<u>163,651</u>
Program net income	648,600	193,600	223,865	(201,585)	864,480	707,084	-	(41,151)	75,339	741,272
Transfers	-	-	-	-	-	-	-	193,091	-	193,091
Cumulative Program Net Income										
Beginning	925,000	1,025,000	-	224,586	2,174,586	1,160,900	-	409,818	61,071	1,631,789
Ending	<u>\$ 1,573,600</u>	<u>\$ 1,218,600</u>	<u>\$ 223,865</u>	<u>\$ 23,001</u>	<u>\$ 3,039,066</u>	<u>\$ 1,867,984</u>	<u>\$ -</u>	<u>\$ 561,758</u>	<u>\$ 136,410</u>	<u>\$ 2,566,152</u>

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
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PROGRAM REVENUES AND EXPENDITURES
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	Solid Oxide Fuel Cells					Childhood Neurotherapeutics				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 800,000	\$ -	\$ -	\$ -	\$ 800,000	\$ 3,074,678	\$ -	\$ -	\$ -	\$ 3,074,678
Non-state matching funds	-	800,000	-	-	800,000	-	-	-	-	-
Total contribution revenue	<u>800,000</u>	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>1,600,000</u>	<u>3,074,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,074,678</u>
Investment Income										
Realized gain (loss)	-	-	-	-	-	-	-	-	-	-
Unrealized gain	-	-	-	-	-	-	-	-	-	-
Endowment income	-	-	-	10,219	10,219	-	-	-	56,795	56,795
Total investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,219</u>	<u>10,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,795</u>	<u>56,795</u>
Total revenue	<u>800,000</u>	<u>800,000</u>	<u>-</u>	<u>10,219</u>	<u>1,610,219</u>	<u>3,074,678</u>	<u>-</u>	<u>-</u>	<u>56,795</u>	<u>3,131,473</u>
Expenditures										
Personal services	-	-	-	-	-	-	-	-	-	-
Fringe	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Contractual	-	-	-	-	-	-	-	-	-	-
Indirect cost recovery	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	-	-	-	-	-	41	41
Other	-	-	-	-	-	-	-	-	-	-
Facilities	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41</u>	<u>41</u>
Program net income	800,000	800,000	-	10,219	1,610,219	3,074,678	-	-	56,754	3,131,432
Transfers	-	-	-	-	-	-	-	-	-	-
Cumulative Program Net Income Beginning	-	-	-	-	-	-	500,000	-	-	500,000
Ending	<u>\$ 800,000</u>	<u>\$ 800,000</u>	<u>\$ -</u>	<u>\$ 10,219</u>	<u>\$ 1,610,219</u>	<u>\$ 3,074,678</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 56,754</u>	<u>\$ 3,631,432</u>

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2009**

	Rehabilitation and Reconstruction Science					Strategic Approaches to Electricity Production from Coal				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000	\$ 3,000,000	\$ -	\$ -	\$ -	\$ 3,000,000
Non-state matching funds	-	-	-	-	-	-	-	2,000,000	-	2,000,000
Total contribution revenue	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>3,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>5,000,000</u>
Investment Income										
Realized gain (loss)	-	-	-	-	-	-	-	-	-	-
Unrealized gain	-	-	-	-	-	-	-	-	-	-
Endowment income	-	-	-	9,332	9,332	-	-	-	48,091	48,091
Total investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,332</u>	<u>9,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,091</u>	<u>48,091</u>
Total revenue	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>9,332</u>	<u>509,332</u>	<u>3,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>48,091</u>	<u>5,048,091</u>
Expenditures										
Personal services	-	-	-	-	-	-	-	49,174	-	49,174
Fringe	-	-	-	-	-	-	-	10,503	-	10,503
Travel	-	-	-	-	-	-	-	9,934	-	9,934
Supplies	-	-	-	-	-	-	-	13,474	-	13,474
Contractual	-	-	-	-	-	-	-	14,703	-	14,703
Indirect cost recovery	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	-	-	-	-	-	165	165
Other	-	-	-	-	-	-	-	-	-	-
Facilities	-	-	500,000	-	500,000	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>97,788</u>	<u>165</u>	<u>97,953</u>
Program net income	500,000	-	(500,000)	9,332	9,332	3,000,000	-	1,902,212	47,926	4,950,138
Transfers	-	(500,000)	500,000	-	-	-	-	-	-	-
Cumulative Program Net Income Beginning	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>
Ending	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,332</u>	<u>\$ 509,332</u>	<u>\$ 3,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,902,212</u>	<u>\$ 47,926</u>	<u>\$ 6,950,138</u>

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
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	Healthcare Quality					Senior SMART™ Center				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 2,744,851	\$ -	\$ -	\$ -	\$ 2,744,851	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 2,000,000
Non-state matching funds	-	-	2,282,160	-	2,282,160	-	-	2,000,000	-	2,000,000
Total contribution revenue	<u>2,744,851</u>	<u>-</u>	<u>2,282,160</u>	<u>-</u>	<u>5,027,011</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>4,000,000</u>
Investment Income										
Realized gain (loss)	-	-	-	-	-	-	-	-	-	-
Unrealized gain	-	-	-	-	-	-	-	-	-	-
Endowment income	-	-	-	51,229	51,229	-	-	-	-	-
Total investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,229</u>	<u>51,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>2,744,851</u>	<u>-</u>	<u>2,282,160</u>	<u>51,229</u>	<u>5,078,240</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>4,000,000</u>
Expenditures										
Personal services	-	-	771,193	-	771,193	-	-	-	-	-
Fringe	-	-	158,490	-	158,490	-	-	-	-	-
Travel	-	-	27,365	-	27,365	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Contractual	-	-	1,198,492	-	1,198,492	-	-	-	-	-
Indirect cost recovery	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	165	165	-	-	-	-	-
Other	-	-	107,811	-	107,811	-	-	-	-	-
Facilities	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	18,809	-	18,809	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>2,282,160</u>	<u>165</u>	<u>2,282,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Program net income	2,744,851	-	-	51,064	2,795,915	2,000,000	-	2,000,000	-	4,000,000
Transfers	-	-	-	-	-	-	-	-	-	-
Cumulative Program Net Income Beginning	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending	<u>\$ 2,744,851</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ 51,064</u>	<u>\$ 4,795,915</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ 4,000,000</u>

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
UNIVERSITY OF SOUTH CAROLINA
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	Nanoevironmental Research and Risk Assessment					Nuclear Science and Energy				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-state matching funds	-	-	-	-	-	-	-	-	-	-
Total contribution revenue	-	-	-	-	-	-	-	-	-	-
Investment Income										
Realized gain (loss)	-	-	-	-	-	-	-	-	-	-
Unrealized gain	-	-	-	-	-	-	-	-	-	-
Endowment income	-	-	-	-	-	-	-	-	-	-
Total investment income	-	-	-	-	-	-	-	-	-	-
Total revenue	-	-	-	-	-	-	-	-	-	-
Expenditures										
Personal services	-	-	-	-	-	-	-	-	-	-
Fringe	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Contractual	-	-	-	-	-	-	-	-	-	-
Indirect cost recovery	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Facilities	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	-	-	-
Program net income	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Cumulative Program Net Income Beginning	-	-	-	-	-	-	-	-	-	-
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2009**

	Nuclear Science Strategies					Total - University of South Carolina				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,683,945	\$ -	\$ -	\$ -	\$ 16,683,945
Non-state matching funds	-	-	-	-	-	-	1,200,349	6,959,660	-	8,160,009
Total contribution revenue	-	-	-	-	-	16,683,945	1,200,349	6,959,660	-	24,843,954
Investment Income										
Realized gain (loss)	-	-	-	-	-	-	-	-	(792,976)	(792,976)
Unrealized gain	-	-	-	-	-	-	-	-	(584,292)	(584,292)
Endowment income	-	-	-	-	-	-	-	-	970,834	970,834
Total investment income	-	-	-	-	-	-	-	-	(406,434)	(406,434)
Total revenue	-	-	-	-	-	16,683,945	1,200,349	6,959,660	(406,434)	24,437,520
Expenditures										
Personal services	-	-	-	-	-	-	-	1,103,708	75,864	1,179,572
Fringe	-	-	-	-	-	-	-	228,801	5,306	234,107
Travel	-	-	-	-	-	-	-	76,149	27,966	104,115
Supplies	-	-	-	-	-	-	-	49,180	-	49,180
Contractual	-	-	-	-	-	-	-	1,314,233	4,447	1,318,680
Indirect cost recovery	-	-	-	-	-	-	-	8,358	-	8,358
Administrative fees	-	-	-	-	-	-	-	-	63,896	63,896
Other	-	-	-	-	-	-	-	107,873	10,666	118,539
Facilities	-	-	-	-	-	-	-	835,000	-	835,000
Equipment	-	-	-	-	-	-	-	31,770	-	31,770
Total expenditures	-	-	-	-	-	-	-	3,755,072	188,145	3,943,217
Program net income	-	-	-	-	-	16,683,945	1,200,349	3,204,588	(594,579)	20,494,303
Transfers	-	-	-	-	-	-	(500,000)	500,000	-	-
Cumulative Program Net Income Beginning	-	-	-	-	-	10,780,965	10,062,581	1,064,782	1,420,874	23,329,202
Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,464,910	\$ 10,762,930	\$ 4,769,370	\$ 826,295	\$ 43,823,505

See notes to financial statements.

SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE

YEAR ENDED JUNE 30, 2009

Notes to Financial Statements

Note 1. Description of Program

The South Carolina Research Centers of Economic Excellence Act (the Act) was introduced by Chapter 75 of Act No. A356 and passed by the South Carolina General Assembly during the 2002 legislative session. The Act was established to create the South Carolina Centers of Economic Excellence (the Program) and the Centers of Excellence Matching Endowment, which is to be funded annually by appropriations from the South Carolina Education Lottery in an aggregate amount not to exceed \$ 200 million by 2010. During the year ended June 30, 2009, the South Carolina General Assembly revised the Act to provide for \$30 million in guaranteed funding each year if (a) the lottery scholarships have been funded, and (b) at least 80% of all appropriations have been awarded by the Review Board through the most recent previous fiscal year. In addition, the Act created the Research Centers of Excellence Review Board (the Review Board), which is responsible for awarding state matching funds, for oversight and operation of the fund, and for various accountability requirements established in the statute for the Program. The Review Board consists of eleven members. Of these eleven members, three must be appointed by the Governor of South Carolina, three must be appointed by the President Pro Tempore of the South Carolina Senate, three must be appointed by the Speaker of the South Carolina House of Representatives, one member each must be appointed by the Chair of the Senate Finance Committee and the Chair of the House Ways and Means Committee. The Presidents of the senior research universities of the State of South Carolina (Clemson University, the Medical University of South Carolina, and the University of South Carolina) serve as ex-officio non-voting members.

The purpose of the Act is to create incentives for the senior research universities of South Carolina to raise capital from the private sector to fund endowments for professorships in research areas targeted to create well-paying jobs and enhanced economic opportunities for the people of South Carolina. Non-state funds are used to match dollar-for-dollar funds appropriated by the General Assembly from the South Carolina Education Lottery. The program's intent is to provide \$ 30 million annually in South Carolina Education Lottery appropriations if (a) the lottery scholarships have been funded, and (b) at least 80% of all appropriations have been awarded by the Review Board through the most recent previous fiscal year. These state appropriations are to be matched by the institutions.

The endowed professorships are awarded to the senior research universities through a competitive application process, which encourages collaboration among the three research universities as well as with other South Carolina institutions of higher education. Awards from the Centers of Excellence Matching Endowment are to be not less than \$ 2 million and not more than \$ 5 million. Non-state matching funds are to be raised exclusively from sources other than South Carolina tax dollars, and committed and raised subsequent to January 1, 2002. The Research Centers of Economic Excellence Act was amended March 17, 2004, adding Section 90, which allows the research institutions to use federal funds received after July 1, 2003 as non-state matching funds. The Research Centers of Economic Excellence Act was further amended on June 25, 2008, adding Section 100, which allows the Review Board to use a portion (as determined by the Review Board) of the non-state match to pay for Center operating costs and which requires that the full state award of any dissolved or withdrawn Center be returned to the Centers of Excellence Matching Endowment. Section 110 was also added on June 25, 2008, which provided the eligibility of in-kind contributions as non-state matches.

Note 2. Summary of Significant Accounting Policies

Basis of presentation and method of accounting: The Program's financial statements are presented on the accrual basis of accounting. Revenues are recorded in the period earned, and expenses are recorded at the time liabilities are incurred. Inasmuch as state funds are not disbursed until cash gifts are in hand, a pledge received in support of a Center is not recognized as revenue until the pledge has been satisfied.

Property and equipment: Property and equipment purchased with program funds is deemed to be the property of the respective research institution.

Assets available for program use: State funds committed for Program use are permanently restricted, as well as 30% of the non-state matching funds of each Center of Economic Excellence, as endowment funds. Earnings from the endowments funds may be expended for direct program purposes, as well as any non-state matching funds that exceed the 30% endowment requirement. In-kind contributions of real property, equipment, supplies and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to a project or program may be used to satisfy non-state matching requirements, but may not account for more than 70% of the non-state match total for each proposal.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
YEAR ENDED JUNE 30, 2009**

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Federal grants used as non-state matching funds: Federal grants used as non-state matching funds by the research institutions are not reflected in the statements of program revenues and expenditures. Such funds are maintained separately from the Program by the research institutions. See Note 6 for additional information.

Note 3. Assets Maintained by Research Institutions

The assets resulting from program activities are maintained by the research institutions, and are held by the universities, their respective foundations, or by the State Treasurer. At June 30, 2009, cash and investments maintained by the research institutions for program purposes was as follows:

Clemson University	\$ 41,980,616
Medical University of South Carolina	61,444,474
University of South Carolina	43,823,505
Total	<u><u>\$ 147,248,595</u></u>

Note 4. Summary of Funded Centers of Economic Excellence

Proposals approved from the FY 2008-2009 General Assembly appropriations and accrued interest on Program funds are as follows:

<u>Institution</u>	<u>Proposal Title</u>	<u>Proposal Amount</u>
Clemson	Tissue Systems Characterization	\$ 3,000,000
MUSC	Lipidomics, Pathobiology and Therapy	5,000,000
USC	Nuclear Science Strategies	3,000,000
USC/MUSC	** Healthful Lifestyles	3,000,000
Total		<u><u>\$ 14,000,000</u></u>

** The Review Board approved a revised version of this proposal during FY 2010 as part of the FY 2009 proposal cycle

State funding has been committed to these proposals, and the respective institutions are eligible to draw down these funds from the South Carolina Commission on Higher Education as qualifying non-state matching funds are received in hand.

Note 5. Withdrawal of Molecular Nutrition Proposal from Clemson University

By letter dated December 9, 2008, Clemson University withdrew its proposal for an Endowed Chair in Molecular Nutrition. Clemson had applied for and was granted two six-month extensions to secure non-state matching pledges for this proposal. Clemson plans to resubmit this proposal at such time as it can secure the appropriate funding.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
YEAR ENDED JUNE 30, 2009**

Notes to Financial Statements

Note 6. Proposals Using Federal Grants for Non-State Matching Funds

As described in Note 2, federal grants are eligible for use as non-state matching funds, but are not included in the statements of program revenues and expenses. Proposals that have used federal grants as non-state matching funds are as follows:

<u>Institution</u>	<u>Proposal</u>	<u>Federal Grants used as Non-State Matching Funds</u>
Clemson	Optical Materials	\$ 102,000
MUSC	Proteomics	685,081
MUSC	Translational Cancer Therapeutics	3,000,000
MUSC	Cancer Drug Discovery	3,395,490
MUSC	Gastrointestinal Cancer	2,438,472
MUSC	Vision Science	1,676,611
MUSC	Tobacco-Related Malignancies	2,504,985
USC	Nanostructures	1,614,812
USC	Brain Imaging	1,336,000
USC	Polymer Nanocomposites	2,020,448
USC	Hydrogen Fuel Cell Economy	335,000
USC	Renewable Fuel Cells	970,515
USC	Childhood Neurotherapeutics	1,243,106
		<u>\$ 21,322,520</u>

Note 7. Changes in Program Policies adopted during FY 2009

Cash Equivalent and In-Kind Contributions

The Review Board changed the policy of permitting cash equivalent and in-kind donations as non-state matching funds from no more than 60% of the non-state matching fund total to no more than 70% of the non-state matching fund total.

Extensions of Time to Meet the 78-Month State Award Drawdown Deadline

The Review Board implemented a policy to grant up to two six-month extensions of time to a CoEE that has not realized the non-state matching funds necessary to draw the entire state award. In order to be granted the second six-month extension, an institution (a) must have acquired at least 50% of the remaining total of non-state matching funds from the time the first extension was granted, (b) must clearly document compelling reasons for the second deadline extension, and (c) must demonstrate how no less than 50% of the remaining non-state matching funds is likely to be raised.

The Termination or Withdrawal of a Center of Economic Excellence

The Review Board implemented a policy which provides administrative protocol for the withdrawal or dissolution of a Center. When a Center is withdrawn or dissolved, the fiscal agent institution must include assurance that all donors whose gifts were made in direct support of the Center proposal will be informed of the withdrawal or dissolution. Also, for withdrawn and dissolved Centers, collaborative institutional partners are given an opportunity to assume the role of fiscal agent.

Post-Award Changes to a Center of Economic Excellence

The Review Board implemented a policy whereby certain changes to a proposal following the award of a Center must be reviewed by an external group of scientific experts and be approved by the Review Board. Such changes include: change of scope (including methodology, approach or other aspects of stated proposal objectives); change in number of endowed chairs; change to the academic discipline of an approved endowed chair; change to the academic institution base of an approved endowed chair; withdrawal of collaborating partners (including senior research institutions, other public institutions of higher education, or other entities cited in the proposal as critical for programmatic and/or financial support); changes to budget totaling more than 25% of state award plus non-state matching funds; withdrawal or decrease of non-state match support cited in proposal or presented as information to technical reviewers, the Onsite Review Panel or the CoEE Review Board during the proposal review process; or award consolidation.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
YEAR ENDED JUNE 30, 2009**

Notes to Financial Statements

Note 7. Changes in Program Policies adopted during FY 2009 (Continued)

Post-Award Changes to a Center of Economic Excellence (Continued)

Also, certain changes to a proposal following the award of a Center do not require review by an external group of scientific experts but must be approved by the Review Board: changes to budget totaling up to 25% of state award plus non-state matching funds; withdrawal or decrease of non-state match support which was presented exclusively to the CoEE Review Board (and not to technical reviewers or the Onsite Review Panel) during the proposal review process.

Graduation of a CoEE

The Review Board implemented a policy that defines full operability of a Center, at which point the fiscal agent may apply for the majority of fiscal and administrative oversight of the Center to be transferred to the fiscal agent. Once the CoEE Review Board acts to accept such an application, the fiscal lead institution is released from the following oversight obligations to the CoEE Review Board, and accepts internal responsibility for administration of such matters: (a) select annual audit components; (b) submission of letter of appointment and CVs for newly hired chairs; (c) submission of conflicts of interest for principal investigators and chairs, and submission of reports of institutional conflict of interest action/resolution; (d) change of fiscal agency in collaborative proposal to approved collaborating partner; (e) hire of a chair who will not be a full-time faculty member at any of the awarded institution of a CoEE; (f) extension for liquidation of an in-kind contribution; (g) select proposal revisions; and (h) exchange of a match against which state funds have been drawn.



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Review Board
South Carolina Centers of Economic Excellence
Columbia, South Carolina

We have audited the financial statements of the South Carolina Centers of Economic Excellence for the year ended June 30, 2009, and have issued our report thereon dated November 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered South Carolina Centers of Economic Excellence's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we would consider to be significant discrepancies or material weaknesses, as defined above.

To the Review Board
South Carolina Centers of Economic Excellence
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Carolina Centers of Economic Excellence's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*. This finding is reported on page 42.

This report is intended solely for the information of management, the Review Board, the South Carolina Budget and Control Board, and the General Assembly and is not intended to be and should not be used by anyone other than those specified parties.

Denick Stables + Stith LLP

November 20, 2009

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

Finding #09-1:

Finding: Non-state matching funds of \$ 495,000 reported by the University of South Carolina for the Renewable Fuel Cell CoEE intended to qualify as federal awards did not meet the Program *Guidelines'* definition of federal awards.

Corrective Action Taken:

FROM COEE REVIEW BOARD: In March 2007, CHE staff developed and implemented a CoEE Drawdown Checklist in order to guarantee that all paperwork required by the Program *Guidelines* is properly submitted to the Review Board prior to the distribution of state funds for any CoEE. The CoEE Drawdown Checklist currently requires the analysis of all federal grants being claimed as non-state matches as to their eligibility. Going forward, the CoEE Review Board will additionally require that the specific source (federal agency) and grant number of all federal grants being claimed as non-state matches are properly recorded on all CoEE financial schedules submitted as part of a CoEE 18-month pledge verification deadline, drawdown request and biannual match report. The CoEE Review Board and the program auditor have also made arrangements to ensure that the program auditor maintains an archive of all federal grant paperwork being claimed as non-state matches for the CoEE Program.

FROM THE UNIVERSITY OF SOUTH CAROLINA: The University of South Carolina acknowledges this administrative error as oversight on the part of the USC staff. The error occurred when the CoEE Program was in its infancy and during a time when there was less familiarity with the non-state match requirements. USC has since identified an allowable match replacement for the invalid match. We thank the CHE staff and program auditor for bringing the error to our attention and for their help in executing a match exchange.